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ARENSI-MARLEY (M) SDN BHD

v.

MIDDY INDUSTRIES SDN BHD

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COURT OF APPEAL, PUTRAJAYA
TENGKU BAHARUDIN SHAH JCA
ZAINUN ALI JCA
ABU SAMAH NORDIN JCA
[CIVIL APPEAL NO: W-02-971-2003]

C

30 APRIL 2009

INTELLECTUAL PROPERTY: *Registered design - Revocation and expungement of - Application for - Whether respondent's design new and within meaning of s. 12 of Industrial Designs Act 1996 - Whether*

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differences in designs was only in immaterial details and in features commonly used in the trade - Whether design validly granted registration - Whether design should be allowed to remain in Register of Industrial Designs, Malaysia

E

INTELLECTUAL PROPERTY: *Registered design - Revocation and expungement of - Application for - Application to revoke and expunge registration - Whether made under correct and appropriate provision - Industrial Designs Act 1996, s. 27*

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The appellant was the pioneer manufacturer of uPVC rainwater products and was the market leader in uPVC rainwater channelling industry in Malaysia. The appellant's main product was the rainwater gutter system known as the Rainwater System. The appellant was incorporated in 1994 and the said rain gutters in the Rainwater System had been manufactured and sold in

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Malaysia and had been widely advertised in newspapers, trade journals, brochures and other promotional events. The respondent was incorporated in 2001. The respondent had designed a rain gutter and had it registered as an industrial design under the Industrial Designs Act 1996 ("Design 372") on 16 July 2001. It

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was the appellant's contention that "Design 372" was identical to its uPVC rain gutters in its Rainwater System, save for the 'non-closure' of the two ends and longitudinal ribs along the respondent's rain gutter. The appellant commenced action against the respondent to invalidate the registration of "Design 372" and

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have the same expunged from the Register of Industrial Designs, Malaysia. The High Court judge had dismissed the appellant's application and held, *inter alia*, that "Design 372" was new and

within the meaning of s. 12 of the Industrial Designs Act 1996. Thus, the appellant appealed. The issues that arose before the court were (i) whether the respondent's "Design 372" was not new which was similar to the appellant's gutter design and was prior art; (ii) whether differences in the designs was only in immaterial details and in features commonly used in the trade; (iii) whether the appellant's application to the court under s. 24(1) Industrial Designs Act 1996 to rectify the register and cancel the respondent's registration number the correct and appropriate provision.

Held (dismissing the appeal)
Per Zainun Ali JCA delivering the judgment of the court:

(1) In Malaysia, the law on novelty of industrial designs is governed by s. 12 of the Industrial Designs Act 1996. It is the court's first visual impression that matters though regard is had to the knowledge and experience of the relevant group *ie*, in this case, the contractors and manufacturers of the rain gutters. After looking at all the designs in their entirety, it was the High Court judge's visual impression that 'Design 372' with its non-closed ends and longitudinal ribs was new. He found that none of the prior publications of rain gutters showed non-closed ends at the terminal edge of the side walls or longitudinal ribs along the three sides. It was the observation of the learned judge that these features which the appellant was seeking to dismiss as immaterial differences or common variants in the trade 'were the very features that attribute originality and newness to Design 372.' The learned judge had taken the correct approach and there was no reason to interfere with the learned trial judge's finding. "Design 372" was validly granted registration in Malaysia and as such should be allowed to remain in the Register of Industrial Designs, Malaysia. (paras 31, 34-37, 40 & 52)

(2) Section 24(1) Industrial Designs Act 1996 deals with rectification or correction of an entry, which is a part only of a registration but not the registration itself. If the appellant or any person wishes to expunge or revoke the registration from the register (as what the appellant had prayed for) then s. 27(1) is the correct provision since it specifically deals with the expungement of the registration. The fact that the appellant's application was founded on the appellant's belief that its design was prior art predating the priority date of the

respondent's design strengthened the position that s. 27 was the correct provision to be utilised. The appellant's application should have rightly been made under s. 27 of the Act. (paras 48-51)

Bahasa Malaysia *Translation Of Headnotes*

Perayu adalah perintis pengeluar produk-produk air hujan uPVC dan adalah peneraju pasaran dalam industri penyaluran produk air hujan uPVC di Malaysia. Produk utama perayu adalah sistem talang air hujan yang dikenali sebagai Sistem Air Hujan. Perayu ditubuhkan pada tahun 1994 dan talang-talang hujan tersebut di dalam Sistem Air Hujan telah dibuat dan dijual di Malaysia dan telah dengan luas diiklankan di surat khabar, jurnal perdagangan, risalah dan acara promosi lain. Responden ditubuhkan pada tahun 2001. Responden telah reka bentuk satu talang hujan dan telah mendaftarkannya sebagai reka bentuk perindustrian di bawah Akta Reka Bentuk Perindustrian 1996 ("Reka Bentuk 372") pada 16 Julai 2001. Adalah hujahan perayu bahawa "Reka Bentuk 372" adalah sama dengan talang hujan uPVC di dalam Sistem Air Hujan perayu, kecuali 'tiada-penutupan' dua hujung dan tulang membujur sepanjang talang responden. Perayu memulakan tindakan terhadap responden untuk mentaksahkan pendaftaran "Reka Bentuk 372" dan memadamkannya dari Daftar Reka Bentuk, Malaysia. Hakim Mahkamah Tinggi telah menolak permohonan perayu dan memutuskan, antara lain, bahawa "Design 372" adalah baru dan dalam maksud s. 12 Akta Reka Bentuk Perindustrian 1996. Oleh itu, perayu membuat rayuan. Isu-isu yang timbul di hadapan mahkamah adalah (i) sama ada "Reka Bentuk 372" responden tidak baru dan adalah sama dengan reka bentuk talang perayu dan adalah seni yang telah direka sebelum ini; (ii) sama ada perbezaan-perbezaan di dalam reka bentuk adalah dari segi butir-butir tidak penting dan dari segi penampilan yang biasa digunakan di dalam perdagangan; (iii) sama ada permohonan perayu ke mahkamah di bawah s. 24(1) Akta Reka Bentuk Perindustrian 1996 adalah peruntukan yang betul dan sesuai untuk memperbetulkan daftar dan membatalkan nombor pendaftaran responden.

Diputuskan (menolak rayuan)
Oleh Zainun Ali HMR menyampaikan penghakiman mahkamah:

(1) Di Malaysia, undang-undang mengenai perbaharuan reka bentuk perindustrian ditadbir oleh s. 12 Akta Reka Bentuk Perindustrian 1996. Ia adalah kesan visual pertama mahkamah yang penting walaupun perhatian perlu diberikan kepada pengetahuan dan pengalaman kumpulan relevan contohnya di dalam kes ini, kontraktor-kontraktor and pengeluar-pengeluar talang hujan. Selepas melihat semua rekabentuk-rekabentuk secara keseluruhannya, ia adalah kesan visual hakim Mahkamah Tinggi bahawa 'Reka Bentuk 372' yang mempunyai 'tiada-penutupan' dua hujung dan tulang membujur adalah baru. Beliau mendapati bahawa tiada talang-talang hujan yang direka sebelum ini menunjukkan tiada-penutupan di tepi dinding atau tulang bujur sepanjang tiga sisi. Ia adalah dari pemerhatian yang arif hakim bahawa penampilan-penampilan ini yang perayu cuba menolak sebagai perbezaan-perbezaan tidak penting atau kelainan-kelainan biasa di dalam perdagangan 'adalah penampilan-penampilan yang memberi keaslian dan pembaharuan kepada "Reka Bentuk 372".' Yang arif hakim telah mengambil pendekatan yang betul dan tiada alasan timbul untuk menganggu dapatan yang arif hakim. "Reka Bentuk 372" telah dengan sah didaftarkan di Malaysia dan oleh itu ia harus kekal di dalam Daftar Reka Bentuk, Malaysia.

(2) Seksyen 24(1) Akta Reka Bentuk Perindustrian 1996 adalah berkaitan dengan membaikpulihkan dan pembetulan kemasukan, iaitu hanya sebahagian dari pendaftaran tetapi bukan pendaftarannya sendiri. Jika perayu atau sesiapa sahaja pun ingin menghapuskan atau membatalkan sesuatu pendaftaran dari daftar (seperti apa yang dituntut oleh perayu) peruntukan yang betul adalah s. 27(1) kerana ia khususnya berkaitan dengan pembatalan pendaftaran. Fakta bahawa permohonan perayu berdasarkan kepercayaan perayu yang reka bentuknya adalah seni yang telah direka sebelum ini mendahului tarikh keutamaan reka bentuk respondent menguatkan lagi kedudukan bahawa s. 27 adalah peruntukan yang betul yang seharusnya digunakan. Permohonan perayu sepatutnya dibuat di bawah s. 27 Akta.

Case(s) referred to:
Household Articles Limited's Registered Design [1998] FSR Vol 25 676 ***(refd)***
Philips v. Harbro Rubber Co [1920] 375 RPC 233 ***(refd)***
Vandevell and Co v. Lundberg & Sons [1916] 33 RPC 60 ***(refd)***

Legislation referred to:
Industrial Design Act 1996, ss. 12(1), 24(1), 27(1)

Other source(s) referred to:
Modern Law of Copyright and Design, 1995, 2nd edn, p 1311

For the appellant - Datuk Ambiga Sreenevasan (Chew Kherk Ying with her); M/s Wong & Partners
For the respondent - SF Wong (Sri Dev with him); M/s Sri Dev & Naila

[Appeal from High Court, Kuala Lumpur; Case No: D-25-10-2002]

[Editor's note: For the High Court judgment, please see Arensi-Marley (M) Sdn Bhd v. Middy Industries Sdn Bhd [2004] 8 CLJ 20.]

Reported by Suhainah Wahiduddin

JUDGMENT

Zainun Ali JCA:

[1] In this appeal, issues of infringement of a design, its registrability and its mode for expungement, its newness or novelty within the meaning of the Industrial Designs Act, 1996, were all up for consideration.

Undisputed Facts

[2] The appellant is the pioneer manufacturer of uPVC rainwater products and is the market leader in uPVC rainwater channeling industry in Malaysia.

[3] The appellant's main product is the rainwater gutter system known as the Rainwater System. This consists of rain gutters and accessories which can be fitted together to form a complete gutter system for a house or building. Each gutter and gutter fittings are cleverly designed such that they fit nicely into each other.

[4] The appellant was incorporated in 1994 and the said rain gutters in the Rainwater System have been manufactured and sold in Malaysia and according to the appellant, have been widely advertised in newspapers, trade journals, brochures and other promotional events.

[5] The respondent was incorporated in June 2001 as a RM2 company. The respondent designed a rain gutter and had it registered as an industrial design under the Industrial Designs Act 1996, bearing the Registration No. MY 01-00372 ("Design 372") on 16 July 2001.

[6] It is the appellant's contention that "Design 372" is identical to its uPVC rain gutters in its Rainwater System, save for the "non-closure' of the two ends and longitudinal ribs along the respondent's rain gutter.

[7] Those are the agreed facts. The one non-agreed fact between the parties is this: whether the "non-closure of the two ends and longitudinal ribs along the rain gutter in "Design 372" are variations to the existing design of rain gutters which are either immaterial or are features commonly used in the trade. In other words, whether "Design 372" is "new" within the meaning of s. 12(1) Industrial Designs Act 1996.

The Issue Before The Court

[8] Thus the issue before this court is not so much whether the respondent's design ie, "Design 372" infringes the appellant's non-registered design, as much as whether the respondent's design as registered is valid as is represented on the industrial design registration certificate, in light of prior art.

[9] In considering the issue of it being prior art or otherwise, regard might be had to the appellant's product, as well as third party products.

[10] Thus the burden falls on the appellant to show that:

(a) the respondent's "Design 372" was not new which was similar to their gutter design which was prior art;

(b) any differences in the designs was only in immaterial details and in features commonly used in the trade.

[11] According to the appellant, upon discovery by its sale representative in April 2002, of "infringed" copies of their gutter design (in three dimensional form being sold by respondent) where the offending gutters of the respondent were identical to their gutters in all respect, save for the "non-closure" of the two ends, the appellant commenced action against the respondent to:

A (a) invalidate the registration of "Design 372" and

(b) have the same expunged from the Register of Industrial Design, Malaysia.

B **The Appellant's Case**

[12] The appellant contends that its gutter design was authored by one Raja Hizaruddin when he was working for Sekisui (M) Sdn Bhd in 1970/1971. By reason thereof, copyright in the Gutter Design vested with Sekisui (M) Sdn Bhd.

C **[13]** The appellant contended that it had expended a substantial amount of work and money to promote its Rainwater System by advertising it in newspapers and trade journals.

D **[14]** The appellant's strong contention is that since it had manufactured and sold its rain gutter ever since it was established in 1994, it was thus known to the public and by virtue of its prior sale, "Design 372" cannot be said to be a "new" design and is therefore unregistrable within the meaning of s. 12(1) Industrial Designs Act 1996.

E **[15]** As was disclosed, the respondent's application of the "Design 372" for rain gutters was only filed on 16 July 2001 and registered on 20 March 2003. The priority date for "Design 372" is therefore 16 July 2001.

F **[16]** The appellant also submitted that the appellant's design is prior art. This is crucial in determining the novelty of "Design 372". The appellant indisputably had disclosed its design to the public in Malaysia through promotions and sales, advertisement in various publications and events since 1994 (prior to 16 July 2001).

G **[17]** The appellant contends that "Design 372" is certainly not novel. If at all it is a variant of the trade. In any case, it is the appellant's view that the "special" features found in "Design 372" had been previously disclosed to the public (its design being prior art) and the fact that the difference was not substantial must also be minded and thus the said features could not, by any account be considered novel.

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[18] As explained by *Russell-Clarke on Industrial Designs* (7th edn 2005): A

> The question which has to be decided is whether the two appearances are substantially the same or not. That the eye, and the eye alone, is to be the judge of identity, and is to decide whether one design is or is not an anticipation of another, has been consistently laid down. The design must be looked at as a whole, the question being whether an article made according to the design under consideration is substantially similar in appearance to an article made according to the alleged anticipation. The test is not only to look at the two designs side by side, but also apart, and a little distance away. The novelty should in other words be substantial, and it must be substantial having regard to the nature of the article, the extent of the prior art and the number of previous designs in the field in question. B C

[19] The appellant further contended that since the respondent had registered "Design 372" covering the entire gutter as a whole (and not just for the additional features), "Design 372" must therefore be viewed as a whole. If this is done, the appellant contends that the learned High Court judge had failed to perceive that "Design 372" is in fact, substantially similar in appearance to the appellant's design. And in this, the learned judge had erred. D E

[20] The appellant added further that the same author Russell-Clarke explained in his book on Industrial Design that: F

> ... design consists only of features which have eye appeal and functional features are excluded from being part of the design.

[21] Yet, the learned High Court judge, as claimed by the appellant, had alluded to the "functionality" of the non-closed ends of the rain gutters, which he said adds "newness" to the design. The appellant contends that this finding is clearly erroneous. G

[22] The appellant also contended that the learned judge had erred in failing to dismiss the additional features as immaterial differences or common variants in the trade, since "Design 372" is substantially identical to the appellant's design. H

[23] It is this "similarity" that had caused confusion to the public, as evidenced by the supplies of the respondent's gutters in two projects in Cyberjaya and Putrajaya, "passing off" as the appellant's Rainwater System. I

[24] It was also contended by the appellant that the respondent's "Design 372" was designed to only fit the appellant's Rainwater System.

The Respondent's Case

[25] The respondent's case is two-fold.

[26] Firstly whether (i) the non-closure of the two ends of the side walls and (ii) the longitudinal ribs on the two side walls and in the floor are differences that are immaterial details when compared with the appellant's and third party products. In other words, whether the design feature of "Design 372" are commonplace in the design field in question. This element would go towards consideration of the design's novelty or newness within the meaning of s. 12 of the Act.

[27] Secondly whether the appellant's application to the court under s. 24(1) Industrial Designs Act 1996 to rectify the register and cancel the registration number MY-01-00372 is the correct and appropriate provision, when the more relevant and appropriate provision for this application is s. 27 of the Act which expressly deals with expungement.

[28] It would be useful to now look at the provisions of s. 12, of the Industrial Designs Act, 1996. It reads as follows:

> 12. Registrable industrial design
>
> (1) Subject to this Act, an industrial design shall not be registered unless it is new.
>
> (2) An industrial design for which an application for registration is made shall not be considered to be new if, before the priority date of that application, it or an industrial design differing from it only in immaterial details or in features commonly used in the relevant trade:
>
> (a) was disclosed to the public anywhere in Malaysia; or
>
> (b) was the subject matter of another application for registration of an industrial design filed in Malaysia but having an earlier priority date made by a different applicant in so far as that subject matter was included in a registration granted on the basis of that other application.

[29] Thus the essential elements in s. 12 of the Act is that a registered design shall not be registered unless it is new. A registered design shall not be considered to be new if:

(i) it differs from existing designs only in immaterial details; or

(ii) it differs from existing designs only in features commonly used in the trade.

[30] The learned High Court judge on 29 October 2003 dismissed the appellant's application and decided *inter alia*, that:

1. (i) "Design 372", having non-closure of the ends of the sides of the rain gutter; and

   (ii) longitudinal ribs across the sides of the gutter, renders "Design 372" new, within the meaning of section 12 of the Act.

2. The learned judge also observed that the said features are not merely functional; and

3. These were not immaterial features or common variants in the trade.

The Court's View

[31] We agree with the learned High Court judge. In Malaysia, the law on novelty of industrial designs is governed by s. 12 of the Act. Our observation is that, from reading the authorities cited and opinions of text book authors such as are found in *The Modern Law of Copyright and Designs*, it is the court's first visual impression that matters, though regard is had to the knowledge and experience of the relevant group, ie, in this case, the contractors and manufactures of the rain gutters, not members of the public. (See case of *Household Article Limited's Registered Design*).

[32] In fact the respondent had even adduced evidence from the trade through the affidavit of one Tan Kok Ming where he affirmed that the non-closure upper ends are deliberately designed for an overall visual impact and appeal of the rain gutter, by having concealed brackets when the rain gutter is affixed.

[33] However what is important is that it is what the court sees and appraises.

[34] The learned High Court judge had found from his first visual impression that the additional features of "Design 372" were new and that none of the prior publication of rain gutters showed non-closed ends at the terminal edge of the side walls and longitudinal ribs along the three sides. He said that looking at the design as a whole, these were the features that lend originality and newness to "Design 372".

[35] In other words, the respondent's design must be looked at in its entirety and not by mere reference to its composite parts or features.

[36] In this regard we found that the learned judge had taken the correct approach. He assessed the issue of novelty himself by carefully examining:

(i) the appellant's Gutter Design (exh. WKF 18 encl. 7)

(ii) the respondent's registered design (exh. WKF 18 encl. 7)

(iii) other rain gutters available in Malaysia (exh. WKF 18 encl. 7); and

(iv) other rain gutters design registered in the United Kingdom (exh. CKP 3 encl. 6). (See p. 21 of the Appeal Record).

[37] After looking at all these designs in their entirety it was his first visual impression that "Design 372" with its non-closed ends and longitudinal ribs, was new. He found that none of the prior publications of rain gutters showed non-closed ends at the terminal edge of the side walls or longitudinal ribs along the three sides. In fact the learned judge observed that these features which the appellant was seeking to dismiss as immaterial differences or common variants in the trade, "were the very features that attribute originality and newness to Design 372".

[38] We agree with the learned trial judge. As observed by the learned authors of the *Modern Law of Copyright and Design*, p. 1311, 2nd edn 1995:

> ... In reality, of course, the court assesses novelty itself. Except in the most borderline of cases it is unlikely that the judge will defer to the opinion of witnesses where he has already come to view on novelty. Therefore normally it is the court's first visual impression which counts.

(See *Philips v. Harbro Rubber Co* [1920] 375 RPC 233 and *Household Articles Limited's Registered Design* [1998] FSR Vol 25 676)

[39] Contrary to the view expressed by the appellant, we are guided by the *dicta* of Laddie J in *Household Articles Limited's Registered Design (supra)* at 683 that:

> A design may be valid over prior art even though individual features are very similar. To the eye the impact of small differences may be considerable. Conversely differences may be substantial but the overall visual impact may be very similar. Language is not well suited to explaining why, in each case.

[40] Although "no high standard of inventiveness is required to constitute novelty" as expressed in *Vandevell and Co v. Lundberg & Sons* [1916] 33 RPC 60 at 68, the learned trial judge found unequivocally that the presence of a non-closed end and longitudinal ribs was substantial enough to give "Design 372" the required novelty.

[41] We see no reason to interfere with the learned trial judge's finding above.

[42] As had been alluded to earlier the respondent had raised the issue of whether the appellant was correct in seeking to expunge "Design 372" under s. 24(1) of the Act, instead of s. 27 thereof. The respondent was of the view that the correct position is s. 27 of the Act.

[43] Basically s. 24(1) of the Act deals with rectification of the register. The respondent contends that upon a plain and simple construction of s. 24, it clearly shows that it deals only with amendments, corrections to or expungement of an "entry".

[44] Section 24 of the Act reads:

> (1) Subject to the provisions of the Act:
>
> (a) The court may, on the application in the prescribed manner, of any person aggrieved by or interested in the non-inclusion in or omission from the register of any entry, or by or in any entry made in the Register without sufficient cause, or any entry wrongfully remaining in the Register, or any error or defect in any entry in the Register, make such order for including, making, expunging or varying any such entry or for correcting of any such error or defect as it deem fit ... .

[45] Whereas s. 27(1) of the Act reads as follows:

> (1) At any time after the registration of on industrial design, any person may apply to the court:
>
> (a) for the revocation of the registration of the industrial design on the ground, subject to section 12, that the industrial design has been disclosed to the public prior to the priority date of the application for registration of the industrial design …

[46] Viewed in its plain and ordinary meaning, we agree with the learned judge that s. 24 is limited to making, expunging or varying an "entry" in the register as opposed to s. 27 which is concerned with the revocation of the registration of a design as a whole.

[47] The appellant's contention that s. 24(1) of the Act is a "wider provision which describes the exact remedy which the appellant seeks" seems to be a contradiction in terms. If an "exact remedy" is what is sought by the appellant, an "exclusive" provision would be called for.

[48] In any case, s. 24(1) deals with rectification or correction of an entry, **which is a part only of a registration but not the registration itself**. (emphasis added).

[49] If the appellant or any person wishes to expunge or revoke the registration from the register (as what the appellant had prayed for) then s. 27(1) is the correct provision since it specifically deals with the expungement of the registration.

[50] The fact that the appellant's application was founded on the appellant's belief that its design was prior art predating the priority date of the respondent's design strengthens the position that s. 27 is the correct provision to be utilised.

[51] Thus we agree with the learned judge that the appellant's application should have rightly been made under s. 27 of the Act.

[52] The overall result is that we found that the learned judge took the right approach and came to a proper conclusion that the appellant had failed to discharge the onus on them. "Design 372" was validly granted registration in Malaysia and as such, should be allowed to remain in the Register of Industrial Designs, Malaysia.

[53] We therefore dismissed the appeal with costs and affirmed the order of the High Court. The deposit is to be given to respondent to account for taxed costs.